

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

TORONTO STOCK EXCHANGE

FILING STATEMENT No. 767.
FILED JUNE 21st. 1962.

RANGER OIL (CANADA) LIMITED

Full corporate name of Company
Incorporated under the Companies Act (Ontario)
by Letters Patent dated August 21, 1950
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous
Filing Statement No. 477.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

AUG 8 1962

| | |
|--|--|
| 1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed. | Participation in Transarizona Resources, Inc. has been increased by \$49,783, being its share in further financing required to bring the mine of Transarizona Resources, Inc. into operation on a basis of 750 tons per day. Capital of Transarizona Resources, Inc. has been increased to 4,000,000 shares. The further participation of \$49,783 is considered as an advance to Transarizona Resources, Inc. |
| 2. Head office address and any other office address. | 25 Adelaide Street West, Toronto, Ontario. 505 - 8th Avenue S.W., Calgary, Alberta - Operating Address |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors. | J. M. Pierce, President, Director 505 - 8th Avenue S.W., Calgary, Alberta Geologist and P. Eng. J. D. Mason, Vice President, Director 1158-Melville Street, Vancouver 5, B.C. Geologist E. O. Parry, Secretary-Treasurer, Director Morrin, Alberta. Businessman F. R. Matthews, Director 505 - 2nd Street S.W., Calgary, Alberta. Solicitor Roy Chamberlain, Director Lusk, Wyoming. Oil Executive |
| 4. Share capitalization showing authorized and issued and outstanding capital. | Authorized - 3,000,000 shares of No Par Value Issued and Outstanding - 1,587,399 shares of No Par Value |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding. | \$300,000 U. S. Funds - note payable to bank - secured |
| 6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement. | Outstanding options granted to the Chief Geologist of the Company to purchase 15,000 shares of the Company's treasury stock at \$1.50 per share. These options are exercisable up to 5,000 shares per year on or before September 11, 1962. |
| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | Employee Options: J. E. Mallabone, Chief Geologist, option to purchase 15,000 shares as above. |
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | None |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any. | Normal oilfield development |
| 10. Brief statement of company's chief development work during past year. | Made substantial oil discovery in Niobrara County, Wyoming |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid. | Not applicable. |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company. | Not applicable. |

SCHEDULE 'A'

| <u>COMPANY</u> | <u>NO. OF SHARES</u> | <u>COST OR BOOK VALUE</u> | <u>MARKET VALUE Mar. 23/62</u> |
|---|--------------------------|-------------------------------|------------------------------------|
| Ranger Oil Company (a Wyoming Corporation being 100% of all shares issued) | 100,000 | \$981,287.93 | Not trading |

| | | | |
|--|-------|--------------|-------------|
| River Lot Holdings (a Private Company - Province of Alberta) being 100% of all shares issued | 4,002 | \$ 67,650.00 | Not trading |
|--|-------|--------------|-------------|

| | | | |
|--|----------------|--------------|-------------|
| Alberta Ski Lift Ltd. | 3,975 shares | \$ 3,975.00 | \$19,875.00 |
| | \$19,750.00 6% | | |
| | Debentures | \$ 19,750.00 | \$19,750.00 |
| (a Private Company - Province of Alberta) | | | |

Investment in Transarizona Resources Inc.

| | | | |
|--------------------|-----------------|--|----------------|
| Common Stock | 287,000 | | |
| Less 5% reduction | <u>14,350</u> | | 272,650 Shares |
| Debentures 2½% | \$77,833.34 | | |
| Less 5% reduction | <u>3,891.67</u> | | \$ 73,941.67 |
| Mortgage 6% | | | 13,550.00 |
| Promissory Note 5% | | | 3,750.00 |

Cost of Investment

Original purchase from Transarizona Resources Inc.

| | |
|--|--------------|
| 177,650 Shares (187,000 Less 5%) | |
| \$ 37,525. 2½% Debentures (39,500 Less 5%) | |
| \$ 13,550. 6% Mortgage | |
| Cost | \$ 63,697.37 |

Purchased from Mary West

| | |
|--|-----------|
| 95,000 Shares (100,000 Less 5%) | |
| \$ 36,416. 2½% Debentures (38,333 Less 5%) | |
| \$ 3,750 5% Promissory Note | |
| Cost | 24,289.06 |

| | |
|----------|-----------|
| Advances | 49,783.00 |
|----------|-----------|

| | |
|--|---------------------|
| Expenses incurred on behalf of Transarizona Resources Inc. | <u>9,230.87</u> |
| | <u>\$147,000.30</u> |

SCHEDULE 'B'

The following is a summary of the investment made in Transarizona Resources Inc. by participating companies:

| | Advances made in 1960 for which securities of Transarizona Resources, Inc. have been issued | Recent advances now reported | Total |
|-----------------------------------|--|---------------------------------|----------------|
| Bralsaman Petroleum Ltd. | 66,850 | 49,784 | 116,634 |
| Consolidated Nicholson Mines Ltd. | 66,850 | 49,784 | 116,634 |
| Nisto Mines Limited | 66,850 | 49,784 | 116,634 |
| Maralgo Mines Ltd. | 66,850 | 49,784 | 116,634 |
| Ranger Oil (Canada) Ltd. | 66,850 | 49,784 | 116,634 |
| Transcontinental Resources Ltd. | 267,538 | | 267,538 |
| Crown Silver Development Ltd. | 71,314 | 45,320 | 116,634 |
| Sunshine Lardeau Mines Ltd. | 66,850 | 49,784 | 116,634 |
| W. B. Milner | | 57,000 | 57,000 |
| Mary West | 230,747 | | 230,747 |
| Freeman & McLure | <u>104,625</u> | <u> </u> | <u>104,625</u> |
| | 1,075,324 | 401,024 | 1,476,348 |

The participating companies have received the following securities of Transarizona for advances made in 1960:

| | Shares | Debentures | Mortgage |
|-----------------------------------|----------------|----------------|-------------------|
| Bralsaman Petroleum Ltd. | 187,000 | \$ 39,500 | \$ 13,550 |
| Consolidated Nicholson Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Nisto Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Maralgo Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Ranger Oil (Canada) Ltd. | 187,000 | 39,500 | 13,550 |
| Transcontinental Resources Ltd. | 824,400 | 158,390 | 54,250 |
| Crown Silver Development Ltd. | 199,500 | 42,200 | 14,450 |
| Sunshine Lardeau Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Mary West | 494,100 | 189,035 | |
| Freeman & McLure | <u>360,000</u> | <u>104,625</u> | <u> </u> |
| | 3,000,000 | 731,250 | 150,000 |

(Incorporated under The Corporations Act of Ontario)
and subsidiary companies

(with comparative figures for the prior year)

The accompanying notes to consolidated financial statements are an integral part of this balance sheet.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1961
(with comparative figures for the prior year)

| | 1961 | 1960 |
|---|-----------|-----------|
| INCOME | | |
| Oil and gas sales | \$473,909 | \$383,245 |
| OPERATING EXPENSES | | |
| Well operating | 75,307 | 73,855 |
| Carrying costs of non-producing properties | 21,905 | 29,324 |
| Exploration and unproductive development | 75,251 | 42,132 |
| General and administrative | 86,260 | 82,089 |
| Depletion of producing properties | 90,985 | 80,932 |
| Depreciation of equipment | 67,740 | 53,180 |
| | 417,448 | 361,512 |
| | 56,461 | 21,733 |
| OTHER INCOME | | |
| Investment income | 13,990 | 12,610 |
| Equipment rental after deducting \$5,601 depreciation | 3,051 | — |
| Miscellaneous | 352 | 2,913 |
| | 17,393 | 15,523 |
| | 73,854 | 37,256 |
| OTHER DEDUCTIONS | | |
| Interest and discount on note payable | 8,771 | 6,434 |
| Properties surrendered | 11,619 | 76,470 |
| | 20,390 | 82,904 |
| NET INCOME (LOSS) for the year | 53,464 | (45,648) |
| Deficit at beginning of year | 577,831 | 532,183 |
| DEFICIT at end of year | \$524,367 | \$577,831 |

The accompanying notes to consolidated financial statements are an integral part of this statement.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1961

1. Pursuant to options granted to the chief geologist of the company, 5,000 shares were issued during the year at \$1.50 per share and as at December 31, 1961 there remained a further option to him to purchase 5,000 shares at \$1.50 per share, exercisable in whole or in part at any time up to September 11, 1962.
2. The accounts of a subsidiary company, which are maintained in U.S. funds, have been converted at par of exchange in the accompanying consolidated financial statements.

AUDITORS' REPORT

To the Shareholders of
Ranger Oil (Canada) Limited

We have examined the consolidated balance sheet of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1961 and the related consolidated statement of income and deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and related consolidated statement of income and deficit present fairly the financial position of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1961 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

March 27, 1962.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1961

SOURCE OF FUNDS

| | | |
|---|-----------|----------------|
| Funds provided by operations | | |
| Net income for the year | | \$ 53,464 |
| Charges not involving outlay of funds | | |
| Properties surrendered | \$ 11,619 | |
| Depletion | 90,985 | |
| Depreciation | 73,341 | 175,945 |
| | | <u>229,409</u> |
| Bank loan, less amount included in current liabilities | | 114,236 |
| Loan receivable | | 23,271 |
| Sale of investments, less gain thereon included in income | | 28,411 |
| Sale of property | | 15,000 |
| Sale of capital stock (Note 1) | | 7,500 |
| Deposits refunded (net) | | 749 |
| | | <u>418,576</u> |

DISPOSITION OF FUNDS

| | | |
|---|---------|---------|
| Property, plant and equipment additions | 312,729 | |
| Investments and advances | 52,088 | 364,817 |

INCREASE IN WORKING CAPITAL

| | |
|--|------------------|
| Excess (deficiency) of current assets over current liabilities | |
| 1960 | \$(16,285) |
| 1961 | 37,474 |
| Increase in working capital | <u>\$ 53,759</u> |

TRANSARIZONA RESOURCES, INC.
(an Arizona corporation)

BALANCE SHEET - DECEMBER 31, 1961

ASSETS

CURRENT ASSETS:

Cash in U. S. banks
Accounts receivable
Operating supplies
Prepaid insurance

\$ 98,868
1,423
7,410
1,520
109,221

CAPITAL ASSETS, at cost (substantially all pledged to secure notes payable):

Mining leases and agreements (Note 1)
Mill and equipment
Mill construction in progress (Note 2)
Other equipment

\$ 173,437
622,963
229,489
7,940

Less - Accumulated depletion and depreciation (Note 3)

1,033,829
8,201

Development and preproduction expenditures (Note 4), per accompanying statement

1,025,628
624,590

OTHER ASSETS:

Deposits, including \$29,711 recoverable from future power usage
Organization costs

30,833
2,742

33,575
\$1,793,014

LIABILITIES

CURRENT LIABILITIES:

Overdraft on Canadian bank
Accounts payable
Current portion of long-term debt
5% notes due July 8, 1962
Accrued interest
Accrued minimum royalty

\$ 12,871
56,193
10,875
15,000
45,951
1,102

Advances from shareholders (Note 5)

141,992
414,887
556,879

LONG-TERM DEBT:

Secured note payable to bank under participation agreement with S.B.A. (Note 6), less current portion shown above

\$139,125

Note payable, 6%, due \$25,000 annually beginning March 1963, secured by second mortgage on real and personal property
2½% debentures due December 31, 1975

150,000
731,250

1,020,375

CAPITAL STOCK (Notes 1 and 5):

Authorized - 4,000,000 shares of no par value
Issued and outstanding - 3,000,000 shares

215,760

CONTINGENT LIABILITIES (Note 7)

\$1,793,014

TRANSARIZONA RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Mining leases and agreements:

The cost of mining properties, situated in Pinal County, Arizona which are held under various leases and option agreements (see Note 7) at December 31, 1961 includes the following:

| | |
|---|------------------|
| Treasure State Mining Co. agreement and Papago Indian mining lease and water well agreement purchased for \$30,000 cash, debentures of \$104,625 and 360,000 shares of no par capital stock for which no dollar amount was recorded | \$134,625 |
| Option payments under Drake agreement, as amended | 5,800 |
| Minimum royalties paid - Treasure State agreement | 30,462 |
| Drake agreement | 2,550 |
| | <u>\$173,437</u> |

The minimum royalties capitalized are net of \$5,000 and \$1,000 respectively, received under an exploration sublease.

NOTE 2 - Mill construction in progress:

Mill construction in progress of \$229,489 represents cost to December 31, 1961 of additions intended to increase the daily capacity of the mill to 750 tons of ore. Costs of completing the construction are estimated to be approximately \$400,000. These additions are scheduled to be completed in April 1962 when the mill is to resume operations.

NOTE 3 - Depletion and depreciation:

Depletion of mining leases and depreciation of mill and equipment were provided in 1960 by the unit of production method based on estimated ore reserves. There was no provision in 1961 as there was no production during the year. Depreciation of other equipment has been calculated by the straight line method based on estimated useful life of the equipment.

NOTE 4 - Development and preproduction expenditures:

From inception to December 31, 1961 development and preproduction expenditures have been capitalized as the activities are in the development stage. The company intends to capitalize future expenditures of this nature until the development stage of activities is considered to be completed. When the activity of the company has changed from development to production, it is the intention of management to amortize these expenditures by charges against income determined under a unit of production or similar method based upon estimates of ore reserves.

NOTE 5- Advances from shareholders:

Advances from shareholders totaling \$414,887 at December 31, 1961 includes \$125,518 advanced in 1960 which was included in current liabilities at December 31, 1960 and \$289,369 advanced in 1961. During 1961 advances of \$299,831 were converted into \$229,125 of 2½% debentures due December 31, 1975 and 940,000 shares of no par capital stock at a stated value of \$70,706.

NOTE 6 - Note payable to bank:

The note payable to bank of \$150,000 including current portion of \$10,875 represents advances received to December 31, 1961 from Southern Arizona Bank & Trust Company under a participation agreement with the United States Small Business Administration. The authorized amount of the loan is \$400,000 of which 12½%, or \$50,000 is to be retained by the bank and 87½%, or \$350,000 is to be purchased by the Small Business Administration. The note is dated August 28, 1961 and bears interest at 6% on the bank's portion and at 5½% on the SBA's portion. The note is payable in equal monthly installments of \$4,496, including interest, commencing February 28, 1962 with the balance payable August 28, 1971. In addition to the monthly payments, annual payments are required commencing March 1, 1963 in an amount equal to the excess of half the preceding year's earnings (before depreciation, depletion, amortization and gains or losses on sale of fixed assets but

after provision for income taxes) over the monthly payments made on principal during such year.

The note is secured by real and chattel mortgages on substantially all the company's capital assets including leases, mill buildings and equipment and other equipment. The loan agreement places certain restrictions on the amount of officers' compensation, cost of additions to fixed assets, payment of dividends, redemption of capital stock, and payments on interest or principal of the company's indebtedness to its shareholders.

NOTE 7 - Contingent liabilities:

Leases of the mining properties require payment of royalties of 3% to 12½% of the net smelter return after deducting transportation and treatment charges. Minimum annual royalties and assessment work commitments aggregate approximately \$27,000. When royalties paid under the agreement with Treasure State Mining Co. total \$400,000, title to three patented mining claims will pass to the company. Similarly, when royalties paid under the agreement, as amended, with Theos P. and Caroline L. Drake total \$100,000 or if payments totaling \$25,000 (of which \$5,800 had been paid by December 31, 1961) are made by August 14, 1962, title to three other patented claims and nineteen unpatented claims will pass to the company.

TRANSARIZONA RESOURCES, INC.

STATEMENT OF DEVELOPMENT AND PREPRODUCTION
EXPENDITURES CAPITALIZED TO DECEMBER 31, 1961

| | Year 1960 | Year 1961 | From in- ception to December 31 1961 |
|---|------------------|------------------|---|
| Salaries and wages | \$ 11,937 | \$ 26,016 | \$103,045 |
| Professional engineering services | 1,962 | 6,000 | 68,887 |
| Travel and subsistence | 6,437 | 12,098 | 70,617 |
| Stripping | 290 | | 26,366 |
| Drilling | | 14,082 | 30,283 |
| Pilot plant operation | | | 13,616 |
| Mining | 57,216 | | 57,216 |
| Milling and roasting | 117,540 | | 117,540 |
| Telephone and telegraph | 4,078 | 5,077 | 22,583 |
| Accounting and legal | 11,222 | 9,036 | 33,602 |
| Development supplies and expense | 186 | 417 | 10,919 |
| Rentals paid under | | | |
| Papago leases | 8,009 | 1,215 | 18,061 |
| Office and trailer rent | 3,473 | 4,153 | 11,116 |
| Car and truck expense | 4,046 | 2,676 | 16,911 |
| Office supplies and expense | 813 | 2,871 | 6,551 |
| Workmen's compensation and other insurance | 6,499 | 3,219 | 12,525 |
| Taxes | 5,040 | 1,997 | 9,710 |
| Magnetometer survey | | | 2,393 |
| Depletion and depreciation | 6,979 | 1,046 | 8,681 |
| Interest expense | 21,389 | 29,570 | 50,959 |
| Miscellaneous | 4,435 | 3,356 | 9,730 |
| Net proceeds from sales of copper concentrate | (76,721) | | (76,721) |
| | <u>\$194,830</u> | <u>\$122,829</u> | <u>\$624,590</u> |

PRICE WATERHOUSE & CO.

222 NORTH CENTRAL AVENUE

PHOENIX 4

February 27, 1962

To the Board of Directors and Stockholders
of Transarizona Resources, Inc.

We have examined the balance sheet of Transarizona Resources, Inc. at December 31, 1961 and the statement of development and preproduction expenditures capitalized to that date. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 4 to the financial statements, development and preproduction expenditures from inception to December 31, 1961 have been capitalized. As its activities are still in the development stage, the company is deemed to have realized no profit or sustained no loss to December 31, 1961 and therefore no income statement is submitted.

In our opinion, the accompanying balance sheet and statement of development and preproduction expenditures capitalized, with the notes thereto, present fairly the financial position of Transarizona Resources, Inc. at December 31, 1961 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement. | There are no pooled or escrowed shares. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|------------|-----------|------------|----------|-------|------------------------------|---------|-----------|-----------|--|-----------------------------------|---------|--------|--------|--|-------------------------------|---------|--------|--------|--|------------------|---------|--------|--------|--|-----------------------------|---------|--------|--------|--|--------------------|---------|--------|--------|--|--------------------------|---------|--------|--------|----------|---------------------------------|---------|---------|--------|-------|
| 14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Not applicable | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <p>J. M. Pierce, Box 1422, Calgary, Alberta 300,000 shares Bralsaman Petroleums Limited, Vancouver, B.C. 226,000 E. O. Parry, Morrin, Alberta 112,000 Roy Chamberlain, Lusk, Wyoming 41,000 J. W. Agnew, Lusk, Wyoming 41,000</p> <p>The above shares are all beneficially owned.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company. | The present Board of Directors controls the Company | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | See attached schedule 'A' on page 2. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18. Brief statement of any lawsuits pending or in process against company or its properties. | The Company and Great Sweet Grass Oils Limited are co-defendants and counter-claimants in the law suit commenced by Georgia Leaseholds Limited for a declaration as to the interest of Georgia Leaseholds Limited in the natural gas leases in the Steepleville area originally comprised in Gas Licence #32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing. | There are none. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public. | <p>(a) See Schedule 'B' on page 3.</p> <p>(b) A payment of 5% of the holdings in shares and debentures of Transarizona Resources, Inc., has been made for services rendered.</p> <p>(c) Participating Companies with greater than 5% interest in Transarizona Resources Inc. as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Debentures</th> <th>Mortgage</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>Bralsaman Petroleums Limited</td> <td>177,650</td> <td>\$ 37,525</td> <td>\$ 13,550</td> <td></td> </tr> <tr> <td>Consolidated Nicholson Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Crown Silver Development Ltd.</td> <td>189,525</td> <td>40,090</td> <td>14,450</td> <td></td> </tr> <tr> <td>Nisto Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Sunshine Lardeau Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Maralgo Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Ranger Oil (Canada) Ltd.</td> <td>272,650</td> <td>73,942</td> <td>13,550</td> <td>\$ 7,500</td> </tr> <tr> <td>Transcontinental Resources Ltd.</td> <td>699,475</td> <td>142,237</td> <td>54,250</td> <td>7,500</td> </tr> </tbody> </table> <p>During full scale test run in 1960 on the Transarizona property in excess of 16,000 tons averaging 1.82% copper ore were treated and after mechanical difficulties were overcome the plant consistently obtained recoveries of between 85% and 87% in a 50% to 55% copper concentrate. The property and process were investigated by the United States Government engineers and as a result of this over and above the sums subscribed by the participating companies in the financing of Transarizona Resources Inc. a loan of \$400,000 has been secured from the Small Business Administration, an agency of the United States Government. This bears interest at 5% and 5½% and is repayable over a 10-year period. The capacity of the mill has now been increased to 500 tons per day and the new plant is at present being run in.</p> | | Shares | Debentures | Mortgage | Notes | Bralsaman Petroleums Limited | 177,650 | \$ 37,525 | \$ 13,550 | | Consolidated Nicholson Mines Ltd. | 177,650 | 37,525 | 13,550 | | Crown Silver Development Ltd. | 189,525 | 40,090 | 14,450 | | Nisto Mines Ltd. | 177,650 | 37,525 | 13,550 | | Sunshine Lardeau Mines Ltd. | 177,650 | 37,525 | 13,550 | | Maralgo Mines Ltd. | 177,650 | 37,525 | 13,550 | | Ranger Oil (Canada) Ltd. | 272,650 | 73,942 | 13,550 | \$ 7,500 | Transcontinental Resources Ltd. | 699,475 | 142,237 | 54,250 | 7,500 |
| | Shares | Debentures | Mortgage | Notes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bralsaman Petroleums Limited | 177,650 | \$ 37,525 | \$ 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated Nicholson Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Crown Silver Development Ltd. | 189,525 | 40,090 | 14,450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nisto Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sunshine Lardeau Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maralgo Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ranger Oil (Canada) Ltd. | 272,650 | 73,942 | 13,550 | \$ 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transcontinental Resources Ltd. | 699,475 | 142,237 | 54,250 | 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

DATED February 22nd, 1962.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.M. Pierce"

"F.R. Mathews"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

TORONTO STOCK EXCHANGE

FILING STATEMENT No. 767.
FILED. JUNE 21st. 1962.

RANGER OIL (CANADA) LIMITED

Full corporate name of Company
Incorporated under the Companies Act (Ontario)
by Letters Patent dated August 21, 1950

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

AUG 19 1962

FILING STATEMENT

Reference is made to previous
Filing Statement No. 477.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

| | |
|--|--|
| 1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed. | Participation in Transarizona Resources, Inc. has been increased by \$49,783, being its share in further financing required to bring the mine of Transarizona Resources, Inc. into operation on a basis of 750 tons per day. Capital of Transarizona Resources, Inc. has been increased to 4,000,000 shares. The further participation of \$49,783 is considered as an advance to Transarizona Resources, Inc. |
| 2. Head office address and any other office address. | 25 Adelaide Street West, Toronto, Ontario. 505 - 8th Avenue S.W., Calgary, Alberta - Operating Address |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors. | J. M. Pierce, President, Director Geologist and P. Eng. 505 - 8th Avenue S.W., Calgary, Alberta J. D. Mason, Vice President, Director Geologist 1158 - Melville Street, Vancouver 5, B.C. E. O. Parry, Secretary-Treasurer, Director Businessman Morris, Alberta. F. R. Matthews, Director Solicitor 505 - 2nd Street S.W., Calgary, Alberta. Roy Chamberlain, Director Oil Executive Lusk, Wyoming. |
| 4. Share capitalization showing authorized and issued and outstanding capital. | Authorized - 3,000,000 shares of No Par Value Issued and Outstanding - 1,587,399 shares of No Par Value |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding. | \$300,000 U. S. Funds - note payable to bank - secured |
| 6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement. | Outstanding options granted to the Chief Geologist of the Company to purchase 15,000 shares of the Company's treasury stock at \$1.50 per share. These options are exercisable up to 5,000 shares per year on or before September 11, 1962. |
| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | Employee Option: J. E. Mallabone, Chief Geologist, option to purchase 15,000 shares as above. |
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | None |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any. | Normal oilfield development |
| 10. Brief statement of company's chief development work during past year. | Made substantial oil discovery in Niobrara County, Wyoming |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid. | Not applicable. |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company. | Not applicable. |

SCHEDULE 'A'

| <u>COMPANY</u> | <u>NO. OF SHARES</u> | <u>COST OR BOOK VALUE</u> | <u>MARKET VALUE Mar. 23/62</u> |
|--|--------------------------------|-------------------------------|------------------------------------|
| Ranger Oil Company (a Wyoming Corporation being 100% of all shares issued) | 100,000 | \$981,287.93 | Not trading |
| River Lot Holdings (a Private Company - Province of Alberta) being 100% of all shares issued | 4,002 | \$ 67,650.00 | Not trading |
| Alberta Ski Lift Ltd. | 3,975 shares \$19,750.00 6% | \$ 3,975.00 | \$19,875.00 |
| (a Private Company - Province of Alberta) | Debentures | \$ 19,750.00 | \$19,750.00 |

Investment in Transarizona Resources Inc.

| | | |
|--------------------|-----------------|----------------|
| Common Stock | 287,000 | |
| Less 5% reduction | <u>14,350</u> | 272,650 Shares |
| Debentures 2½% | \$77,833.34 | |
| Less 5% reduction | <u>3,891.67</u> | \$ 73,941.67 |
| Mortgage 6% | | 13,550.00 |
| Promissory Note 5% | | 3,750.00 |

Cost of Investment

Original purchase from Transarizona Resources Inc.

| | |
|---|--------------|
| 177,650 Shares (187,000 Less 5%) | |
| \$ 37,525.2½% Debentures (39,500 Less 5%) | |
| \$ 13,550.6% Mortgage | |
| Cost | \$ 63,697.37 |

Purchased from Mary West

| | |
|---|-----------|
| 95,000 Shares (100,000 Less 5%) | |
| \$ 36,416.2½% Debentures (38,333 Less 5%) | |
| \$ 3,750 5% Promissory Note | |
| Cost | 24,289.06 |

| | |
|----------|-----------|
| Advances | 49,783.00 |
|----------|-----------|

| | |
|--|---------------------|
| Expenses incurred on behalf of Transarizona Resources Inc. | <u>9,230.87</u> |
| | <u>\$147,000.30</u> |

SCHEDULE 'B'

The following is a summary of the investment made in Transarizona Resources Inc. by participating companies:

| | Advances made in 1960 for which securities of Transarizona Resources, Inc. have been issued | Recent advances now reported | Total |
|-----------------------------------|--|---------------------------------|----------------|
| Bralsanan Petroleum Ltd. | 66,850 | 49,784 | 116,634 |
| Consolidated Nicholson Mines Ltd. | 66,850 | 49,784 | 116,634 |
| Nisto Mines Limited | 66,850 | 49,784 | 116,634 |
| Maralgo Mines Ltd. | 66,850 | 49,784 | 116,634 |
| Ranger Oil (Canada) Ltd. | 66,850 | 49,784 | 116,634 |
| Transcontinental Resources Ltd. | 267,538 | | 267,538 |
| Crown Silver Development Ltd. | 71,314 | 45,320 | 116,634 |
| Sunshine Lardeau Mines Ltd. | 66,850 | 49,784 | 116,634 |
| W. B. Milner | | 57,000 | 57,000 |
| Mary West | 230,747 | | 230,747 |
| Freeman & McLure | <u>104,625</u> | <u> </u> | <u>104,625</u> |
| | 1,075,324 | 401,024 | 1,476,348 |

The participating companies have received the following securities of Transarizona for advances made in 1960:

| | Shares | Debentures | Mortgage |
|-----------------------------------|----------------|----------------|-------------------|
| Bralsanan Petroleum Ltd. | 187,000 | \$ 39,500 | \$ 13,550 |
| Consolidated Nicholson Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Nisto Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Maralgo Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Ranger Oil (Canada) Ltd. | 187,000 | 39,500 | 13,550 |
| Transcontinental Resources Ltd. | 824,400 | 158,390 | 54,250 |
| Crown Silver Development Ltd. | 199,500 | 42,200 | 14,450 |
| Sunshine Lardeau Mines Ltd. | 187,000 | 39,500 | 13,550 |
| Mary West | 494,100 | 189,035 | |
| Freeman & McLure | <u>360,000</u> | <u>104,625</u> | <u> </u> |
| | 3,000,000 | 731,250 | 150,000 |

RANGER OIL (CANADA) LIMITED

(Incorporated under The Corporations Act of Ontario)
and subsidiary companies

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1961

(with comparative figures for the prior year)

| | | ASSETS | | LIABILITIES | |
|--|--|-------------|-------------|-------------|-------------|
| | | 1961 | 1960 | 1961 | 1960 |
| CURRENT ASSETS | | | | | |
| Cash | | \$ 104,851 | \$ 54,806 | \$ 38,079 | \$ 51,000 |
| Marketable securities, at cost | | 9,614 | 22,874 | 275,846 | 152,032 |
| (Quoted market value 1961—\$9,289, 1960—\$18,411) | | | | | 75,000 |
| Accounts receivable — trade | | 182,990 | 82,439 | | |
| — other | | 14,705 | 62,667 | | |
| Loan receivable — estimated current portion | | 19,500 | 15,000 | | |
| Inventories — crude oil at market prices | | 11,298 | 11,313 | | |
| — materials and supplies, at cost | | 8,435 | 12,648 | | |
| Total current assets | | 351,399 | 261,747 | 313,925 | 278,032 |
| 6% LOAN RECEIVABLE, less estimated current portion included in current assets | | 67,206 | 90,477 | 152,315 | 51,000 |
| | | | | 38,079 | 51,000 |
| | | | | 114,236 | — |
| INVESTMENTS AND ADVANCES, at cost | | | | | |
| Transanzone Resources, Inc. | | 147,000 | 96,606 | | 2,988,437 |
| Alberta Ski Lift Ltd. | | 24,275 | 32,800 | | (577,831) |
| Miscellaneous | | 2,450 | 20,642 | | |
| | | 173,725 | 150,048 | 2,995,937 | 2,410,606 |
| | | | | (524,367) | |
| PROPERTY, PLANT AND EQUIPMENT, at cost | | | | | |
| Petroleum and natural gas leases, reservations and rights, including development and equipment thereon | | | | | |
| Producing | | 1,673,963 | 1,563,432 | | |
| Less accumulated depletion and depreciation | | 769,781 | 623,303 | | |
| Non-producing | | 904,182 | 940,129 | | |
| Other equipment | | 1,322,345 | 1,153,212 | | |
| Less accumulated depreciation | | (37,382) | 85,057 | | |
| | | 2,279,225 | 2,157,439 | 2,471,570 | |
| OTHER ASSETS AND DEFERRED CHARGES | | | | | |
| Refundable deposits | | 18,741 | 19,490 | | |
| Organization expense | | 9,437 | 9,437 | | |
| | | 28,178 | 28,927 | | |
| | | \$2,899,731 | \$2,688,638 | \$2,899,731 | \$2,688,638 |

Approved on behalf of the Board:

Jack M. P. P.
Director

E. O. L.
Director

RANGER OIL (CANADA) LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1961
(with comparative figures for the prior year)

| | 1961 | 1960 |
|---|------------------|------------------|
| INCOME | | |
| Oil and gas sales | \$473,909 | \$383,245 |
| OPERATING EXPENSES | | |
| Well operating | 75,307 | 73,855 |
| Carrying costs of non-producing properties | 21,905 | 29,324 |
| Exploration and unproductive development | 75,251 | 42,132 |
| General and administrative | 86,260 | 82,089 |
| Depletion of producing properties | 90,985 | 80,932 |
| Depreciation of equipment | 67,740 | 53,180 |
| | <u>417,448</u> | <u>361,512</u> |
| | 56,461 | 21,733 |
| OTHER INCOME | | |
| Investment income | 13,990 | 12,610 |
| Equipment rental after deducting \$5,601 depreciation | 3,051 | — |
| Miscellaneous | 352 | 2,913 |
| | <u>17,393</u> | <u>15,523</u> |
| | 73,854 | 37,256 |
| OTHER DEDUCTIONS | | |
| Interest and discount on note payable | 8,771 | 6,434 |
| Properties surrendered | 11,619 | 76,470 |
| | <u>20,390</u> | <u>82,904</u> |
| NET INCOME (LOSS) for the year | 53,464 | (45,648) |
| Deficit at beginning of year | 577,831 | 532,183 |
| DEFICIT at end of year | <u>\$524,367</u> | <u>\$577,831</u> |

The accompanying notes to consolidated financial statements are an integral part of this statement.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1961

1. Pursuant to options granted to the chief geologist of the company, 5,000 shares were issued during the year at \$1.50 per share and as at December 31, 1961 there remained a further option to him to purchase 5,000 shares at \$1.50 per share, exercisable in whole or in part at any time up to September 11, 1962.
2. The accounts of a subsidiary company, which are maintained in U.S. funds, have been converted at par of exchange in the accompanying consolidated financial statements.

AUDITORS' REPORT

To the Shareholders of
Ranger Oil (Canada) Limited

We have examined the consolidated balance sheet of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1961 and the related consolidated statement of income and deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and related consolidated statement of income and deficit present fairly the financial position of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1961 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

March 27, 1962.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1961

SOURCE OF FUNDS

| | | |
|---|-----------|-----------|
| Funds provided by operations | | |
| Net income for the year | | \$ 53,464 |
| Charges not involving outlay of funds | | |
| Properties surrendered | \$ 11,619 | |
| Depletion | 90,985 | |
| Depreciation | 73,341 | 175,945 |
| | | <hr/> |
| | | 229,409 |
| Bank loan, less amount included in current liabilities | | 114,236 |
| Loan receivable | | 23,271 |
| Sale of investments, less gain thereon included in income | | 28,411 |
| Sale of property | | 15,000 |
| Sale of capital stock (Note 1) | | 7,500 |
| Deposits refunded (net) | | 749 |
| | | <hr/> |
| | | 418,576 |

DISPOSITION OF FUNDS

| | | |
|---|---------|---------|
| Property, plant and equipment additions | 312,729 | |
| Investments and advances | 52,088 | 364,817 |
| | <hr/> | |

INCREASE IN WORKING CAPITAL

| | | |
|---|------------|-----------|
| Excess (deficiency) of current assets over current liabilities | | |
| 1960 | \$(16,285) | |
| 1961 | 37,474 | |
| | <hr/> | |
| Increase in working capital | \$ 53,759 | \$ 53,759 |
| | <hr/> | |

TRANSARIZONA RESOURCES, INC.
(an Arizona corporation)

BALANCE SHEET - DECEMBER 31, 1961

ASSETS

CURRENT ASSETS:

Cash in U. S. banks
Accounts receivable
Operating supplies
Prepaid insurance

\$ 98,868
1,423
7,410
1,520
109,221

CAPITAL ASSETS, at cost (substantially

all pledged to secure notes payable):

Mining leases and agreements (Note 1)
Mill and equipment
Mill construction in progress (Note 2)
Other equipment

\$ 173,437
622,963
229,489
7,940

Less - Accumulated depletion and
depreciation (Note 3)

1,033,829
8,201

Development and preproduction ex-
penditures (Note 4), per
accompanying statement

1,025,628
624,590

1,650,218

OTHER ASSETS:

Deposits, including \$29,711 recoverable
from future power usage
Organization costs

30,833
2,742

33,575

\$1,793,014

LIABILITIES

CURRENT LIABILITIES:

Overdraft on Canadian bank
Accounts payable
Current portion of long-term debt
5% notes due July 8, 1962
Accrued interest
Accrued minimum royalty

\$ 12,871
56,193
10,875
15,000
45,951
1,102

Advances from shareholders (Note 5)

141,992
414,887
556,879

LONG-TERM DEBT:

Secured note payable to bank under
participation agreement with S.B.A.
(Note 6), less current portion
shown above

\$139,125

Note payable, 6%, due \$25,000 annually
beginning March 1963, secured by second
mortgage on real and personal property
2 1/2% debentures due December 31, 1975

150,000
731,250

1,020,375

CAPITAL STOCK (Notes 1 and 5):

Authorized - 4,000,000 shares of no par value
Issued and outstanding - 3,000,000 shares

215,760

CONTINGENT LIABILITIES (Note 7)

\$1,793,014

TRANSARIZONA RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Mining leases and agreements:

The cost of mining properties, situated in Pinal County, Arizona which are held under various leases and option agreements (see Note 7) at December 31, 1961 includes the following:

| | |
|---|------------------|
| Treasure State Mining Co. agreement and Papago Indian mining lease and water well agreement purchased for \$30,000 cash, debentures of \$104,625 and 360,000 shares of no par capital stock for which no dollar amount was recorded | \$134,625 |
| Option payments under Drake agreement, as amended | 5,800 |
| Minimum royalties paid - Treasure State agreement | 30,462 |
| Drake agreement | 2,550 |
| | <u>\$173,437</u> |

The minimum royalties capitalized are net of \$5,000 and \$1,000 respectively, received under an exploration sublease.

NOTE 2 - Mill construction in progress:

Mill construction in progress of \$229,489 represents cost to December 31, 1961 of additions intended to increase the daily capacity of the mill to 750 tons of ore. Costs of completing the construction are estimated to be approximately \$400,000. These additions are scheduled to be completed in April 1962 when the mill is to resume operations.

NOTE 3 - Depletion and depreciation:

Depletion of mining leases and depreciation of mill and equipment were provided in 1960 by the unit of production method based on estimated ore reserves. There was no provision in 1961 as there was no production during the year. Depreciation of other equipment has been calculated by the straight line method based on estimated useful life of the equipment.

NOTE 4 - Development and preproduction expenditures:

From inception to December 31, 1961 development and preproduction expenditures have been capitalized as the activities are in the development stage. The company intends to capitalize future expenditures of this nature until the development stage of activities is considered to be completed. When the activity of the company has changed from development to production, it is the intention of management to amortize these expenditures by charges against income determined under a unit of production or similar method based upon estimates of ore reserves.

NOTE 5- Advances from shareholders:

Advances from shareholders totaling \$414,887 at December 31, 1961 includes \$125,518 advanced in 1960 which was included in current liabilities at December 31, 1960 and \$289,369 advanced in 1961. During 1961 advances of \$299,831 were converted into \$229,125 of 2½% debentures due December 31, 1975 and 940,000 shares of no par capital stock at a stated value of \$70,706.

NOTE 6 - Note payable to bank:

The note payable to bank of \$150,000 including current portion of \$10,875 represents advances received to December 31, 1961 from Southern Arizona Bank & Trust Company under a participation agreement with the United States Small Business Administration. The authorized amount of the loan is \$400,000 of which 12½%, or \$50,000 is to be retained by the bank and 87½%, or \$350,000 is to be purchased by the Small Business Administration. The note is dated August 28, 1961 and bears interest at 6% on the bank's portion and at 5½% on the SBA's portion. The note is payable in equal monthly instalments of \$4,496, including interest, commencing February 28, 1962 with the balance payable August 28, 1971. In addition to the monthly payments, annual payments are required commencing March 1, 1963 in an amount equal to the excess of half the preceding year's earnings (before depreciation, depletion, amortization and gains or losses on sale of fixed assets but

after provision for income taxes) over the monthly payments made on principal during such year.

The note is secured by real and chattel mortgages on substantially all the company's capital assets including leases, mill buildings and equipment and other equipment. The loan agreement places certain restrictions on the amount of officers' compensation, cost of additions to fixed assets, payment of dividends, redemption of capital stock, and payments on interest or principal of the company's indebtedness to its shareholders.

NOTE 7 - Contingent liabilities:

Leases of the mining properties require payment of royalties of 3% to 12½% of the net smelter return after deducting transportation and treatment charges. Minimum annual royalties and assessment work commitments aggregate approximately \$27,000. When royalties paid under the agreement with Treasure State Mining Co. total \$400,000, title to three patented mining claims will pass to the company. Similarly, when royalties paid under the agreement, as amended, with Theos P. and Caroline L. Drake total \$100,000 or if payments totaling \$25,000 (of which \$5,800 had been paid by December 31, 1961) are made by August 14, 1962, title to three other patented claims and nineteen unpatented claims will pass to the company.

TRANSARIZONA RESOURCES, INC.

STATEMENT OF DEVELOPMENT AND PREPRODUCTION
EXPENDITURES CAPITALIZED TO DECEMBER 31, 1961

| | Year 1960 | Year 1961 | From in- ception to December 31 1961 |
|---|------------------|------------------|---|
| Salaries and wages | \$ 11,937 | \$ 26,016 | \$103,045 |
| Professional engineering services | 1,962 | 6,000 | 68,887 |
| Travel and subsistence | 6,437 | 12,098 | 70,617 |
| Stripping | 290 | | 26,366 |
| Drilling | | 14,082 | 30,283 |
| Pilot plant operation | | | 13,616 |
| Mining | 57,216 | | 57,216 |
| Milling and roasting | 117,540 | | 117,540 |
| Telephone and telegraph | 4,078 | 5,077 | 22,583 |
| Accounting and legal | 11,222 | 9,036 | 33,602 |
| Development supplies and expense | 186 | 417 | 10,919 |
| Rentals paid under Papago leases | 8,009 | 1,215 | 18,061 |
| Office and trailer rent | 3,473 | 4,153 | 11,116 |
| Car and truck expense | 4,046 | 2,676 | 16,911 |
| Office supplies and expense | 813 | 2,871 | 6,551 |
| Workmen's compensation and other insurance | 6,499 | 3,219 | 12,525 |
| Taxes | 5,040 | 1,997 | 9,710 |
| Magnetometer survey | | | 2,393 |
| Depletion and depreciation | 6,979 | 1,046 | 8,681 |
| Interest expense | 21,389 | 29,570 | 50,959 |
| Miscellaneous | 4,435 | 3,356 | 9,730 |
| Net proceeds from sales of copper concentrate | (76,721) | | (76,721) |
| | <u>\$194,830</u> | <u>\$122,829</u> | <u>\$624,590</u> |

PRICE WATERHOUSE & CO.

222 NORTH CENTRAL AVENUE

PHOENIX 4

February 27, 1962

To the Board of Directors and Stockholders
of Transarizona Resources, Inc.

We have examined the balance sheet of Transarizona Resources, Inc. at December 31, 1961 and the statement of development and preproduction expenditures capitalized to that date. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 4 to the financial statements, development and preproduction expenditures from inception to December 31, 1961 have been capitalized. As its activities are still in the development stage, the company is deemed to have realized no profit or sustained no loss to December 31, 1961 and therefore no income statement is submitted.

In our opinion, the accompanying balance sheet and statement of development and preproduction expenditures capitalized, with the notes thereto, present fairly the financial position of Transarizona Resources, Inc. at December 31, 1961 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement. | There are no pooled or escrowed shares. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|------------|-----------|------------|----------|-------|------------------------------|---------|-----------|-----------|--|-----------------------------------|---------|--------|--------|--|-------------------------------|---------|--------|--------|--|------------------|---------|--------|--------|--|-----------------------------|---------|--------|--------|--|--------------------|---------|--------|--------|--|--------------------------|---------|--------|--------|----------|---------------------------------|---------|---------|--------|-------|
| 14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Not applicable | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <p>J. M. Pierce, Box 1422, Calgary, Alberta 300,000 shares</p> <p>Bralsaman Petroleums Limited, Vancouver, B.C. 226,000</p> <p>E. O. Parry, Morrin, Alberta 112,000</p> <p>Roy Chamberlain, Lusk, Wyoming 41,000</p> <p>J. W. Agnew, Lusk, Wyoming 41,000</p> <p>The above shares are all beneficially owned.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company. | The present Board of Directors controls the Company | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | See attached schedule 'A' on page 2. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18. Brief statement of any lawsuits pending or in process against company or its properties. | The Company and Great Sweet Grass Oils Limited are co-defendants and counter-claimants in the law suit commenced by Georgia Leaseholds Limited for a declaration as to the interest of Georgia Leaseholds Limited in the natural gas leases in the Steepleville area originally comprised in Gas Licence #32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing. | There are none. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public. | <p>(a) See Schedule 'B' on page 3.</p> <p>(b) A payment of 5% of the holdings in shares and debentures of Transarizona Resources, Inc., has been made for services rendered.</p> <p>(c) Participating Companies with greater than 5% interest in Transarizona Resources Inc. as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Debentures</th> <th>Mortgage</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>Bralsaman Petroleums Limited</td> <td>177,650</td> <td>\$ 37,525</td> <td>\$ 13,550</td> <td></td> </tr> <tr> <td>Consolidated Nicholson Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Crown Silver Development Ltd.</td> <td>189,525</td> <td>40,090</td> <td>14,450</td> <td></td> </tr> <tr> <td>Nisto Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Sunshine Lardeau Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Maralco Mines Ltd.</td> <td>177,650</td> <td>37,525</td> <td>13,550</td> <td></td> </tr> <tr> <td>Ranger Oil (Canada) Ltd.</td> <td>272,650</td> <td>73,942</td> <td>13,550</td> <td>\$ 7,500</td> </tr> <tr> <td>Transcontinental Resources Ltd.</td> <td>699,475</td> <td>142,237</td> <td>54,250</td> <td>7,500</td> </tr> </tbody> </table> <p>During full scale test run in 1960 on the Transarizona property in excess of 16,000 tons averaging 1.82% copper ore were treated and after mechanical difficulties were overcome the plant consistently obtained recoveries of between 85% and 87% in a 50% to 55% copper concentrate. The property and process were investigated by the United States Government engineers and as a result of this over and above the sums subscribed by the participating companies in the financing of Transarizona Resources Inc. a loan of \$400,000 has been secured from the Small Business Administration, an agency of the United States Government. This bears interest at 5% and 5½% and is repayable over a 10-year period. The capacity of the mill has now been increased to 500 tons per day and the new plant is at present being run in.</p> | | Shares | Debentures | Mortgage | Notes | Bralsaman Petroleums Limited | 177,650 | \$ 37,525 | \$ 13,550 | | Consolidated Nicholson Mines Ltd. | 177,650 | 37,525 | 13,550 | | Crown Silver Development Ltd. | 189,525 | 40,090 | 14,450 | | Nisto Mines Ltd. | 177,650 | 37,525 | 13,550 | | Sunshine Lardeau Mines Ltd. | 177,650 | 37,525 | 13,550 | | Maralco Mines Ltd. | 177,650 | 37,525 | 13,550 | | Ranger Oil (Canada) Ltd. | 272,650 | 73,942 | 13,550 | \$ 7,500 | Transcontinental Resources Ltd. | 699,475 | 142,237 | 54,250 | 7,500 |
| | Shares | Debentures | Mortgage | Notes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bralsaman Petroleums Limited | 177,650 | \$ 37,525 | \$ 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated Nicholson Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Crown Silver Development Ltd. | 189,525 | 40,090 | 14,450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nisto Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sunshine Lardeau Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maralco Mines Ltd. | 177,650 | 37,525 | 13,550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ranger Oil (Canada) Ltd. | 272,650 | 73,942 | 13,550 | \$ 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transcontinental Resources Ltd. | 699,475 | 142,237 | 54,250 | 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

CERTIFICATE OF THE COMPANY

DATED February 22nd, 1962.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.M. Pierce"

"F.R. Mathews"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)